



Minutes of the 218th meeting of the Ethics Committee held on Thursday, 18 November 2010 at 9:00 a.m. in the Board Room of the Hong Kong Institute of Certified Public Accountants, 37/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Present: Mr. Raphael Ding (Chairman)
Mr. Raymond Kong (Deputy Chairman)
Mr. Stephen Chan
Mr. Eric Fok
Ms. Piera Ho (represented by Ms. Jacqueline Wong)
Mr. Frankie Lam
Ms. Grace Ma
Mr. Amirali Nasir
Mr. Kenny Tam
Ms. Virginia You
Ms. Monica Yu

In attendance: Mr. Darach Haughey, Convenor of the Restructuring and Insolvency Faculty, Industry Standards and Best Practice Sub-committee
Mr. Steve Ong, Director, Standard Setting
Mr. Peter Tisman, Director, Specialist Practices
Ms. Alison Wilde, Director, Professional Development
Ms. Selene Ho, Associate Director, Standard Setting
Ms. Mary Lam, Associate Director, Specialist Practices
Ms. Grace Ho, Associate Director, Professional Development
Ms. Phoebe To, Manager, Standard Setting

Apologies for absence were received from Mr. Wilson Chan and Mr. Alden Leung.

1510. Minutes of the 217th Meeting

The minutes of the 217th meeting were approved by the Committee and signed by the Chairman.

1511. Revised Section 432 of the HKICPA Code of Ethics for Professional Accountants (HKICPA Code) for issuance as Exposure Draft

The Committee considered the revised Section 432 "Professional Ethics in Liquidation and Insolvency" which has been prepared by the Industry Standards and Best Practice Sub-committee of the RIFEC. The revised Section 432 has been structured as a reasonably self-contained document to facilitate understanding by insolvency practitioners who may not be members of the Institute and to avoid the need to cross-refer frequently to the full version of the HKICPA Code.

The Committee commented that the self-contained structure of the revised Section 432 which reproduced some of the key principles of the HKICPA Code might confuse the readers as being a separate framework. At the same time, it was noted that specialist practitioners may tend to focus on the part of the code relating to their specialization. The Specialist Practices Department (SPD) was requested to consider the presentation of the document within the HKICPA Code.

Action

Action

The Committee considered the removal of examples set out in paragraphs 432.5, 432.6 and 432.7 of the extant Section 432 and suggested re-stating these examples in the revised Section 432 having regard to the wording of Section 290 of the HKICPA Code issued in June 2010.

The SSD and SPD were requested to follow up the Committee's comments and send the revised document to the Committee for approval by circulation.

SPD, SSD

[Post meeting note: The revised Section 500 (formerly Section 432) was approved by the Ethics Committee by circulation on 28 February 2011. The Exposure Draft was issued on 21 March 2011 for comments until 31 May 2011 and is available at:

http://www.hkicpa.org.hk/file/media/section6_standards/standards/ethics/ed-2011/eds500.pdf]

1512. Arrangements for CPD extensions

The CPD exemption guidance in the revised Statement 1.500 *Continuing Professional Development* (Statement 1.500) was issued on 31 August.

PD

The Professional Development Department reported that the number of extension cases being handled during 2010 was minimal and all cases granted extension during the 2010 annual membership renewal process were closed satisfactorily by the extension deadlines. Therefore, it was believed that the current internal guidelines for handling extension application and the documentation of "extension" in the Statement 1.500 were appropriate.

The Committee agreed to keep the current extension guidelines for internal use only and no further elaboration on extensions in the Statement 1.500 is required.

1513. Technical enquiry on the revised HKICPA Code

The Committee discussed a technical enquiry raised in relation to paragraphs 290.216 and 290.219 of the revised HKICPA Code on the provision of corporate finance services. The Committee agreed with the view of the IESBA and considered that the guidance in the revised HKICPA Code is sufficient and no further action is required.

There being no further business, the meeting closed at 10: 05 a.m.

RAPHAEL DING
CHAIRMAN

21 March 2011